

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4063-01
Bill No.: HB 1650
Subject: Bonds General Obligation and Revenue; Water Resources and Water Districts
Type: Original
Date: February 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$1,022,815)	(\$3,597,455)	(\$3,597,788)
Total Estimated Net Effect on <u>All</u> State Funds	(\$1,022,815)	(\$3,597,455)	(\$3,597,788)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development – Public Service Commission** and the **Department of Natural Resources** assume the proposed legislation would have no fiscal impact on their office.

Officials from the **Office of Administration – Division of Accounting (COA)** assume the proposal would have no fiscal impact on their office and note to increase the amount of authorization, a new section should be created.

However, in response to an identical proposal from last session, COA assumed the proposal would authorize \$47.5 million in bonds for water pollution control. They indicated that the bond issue date would depend on the use of available bond proceeds from bonds authorized but not yet issued. COA officials assumed a multi-year bond sale with \$10 million issued in FY 03, and \$30 million issued in FY 04. COA assumed 25 year maturity, 7% interest rate, and level debt service. COA assumed that the full authorized amounts would not need to be issued immediately. Based on these factors, annual debt service would approximate: \$858,105 in FY 2003; \$3,432,421 in FY 2004 and FY 2005. COA assumed one-time costs per issue at approximately \$150,000, plus personal services of existing staff. COA estimated personal service costs at \$38,614 in FY 2003, and \$39,580 in FY 2004. COA also indicated the proposal would require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including fringe benefits, equipment, agent fees, and expense would be \$12,710 in FY 2003; \$13,034 in FY 2004; and \$13,367 in FY 2005. COA assumed paying agent fees would be approximately \$2,000 annually.

Oversight assumes:

- (1) Annual debt service will be higher in subsequent years if the remaining authorized amount is issued.
- (2) One-time personal service costs could be performed by existing staff, with no increased costs to COA for these services.
- (3) Total cost to retire the bond issues would be \$85,810,525.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Costs—COA</u>			
Personal Service (.25 FTE)	(\$8,567)	(\$8,781)	(\$9,001)
Fringe Benefits	(\$2,855)	(\$2,927)	(\$3,000)
Expense & Equipment	(\$1,288)	(\$1,326)	(\$1,366)
Paying Agent Fees	(\$2,000)	(\$2,000)	(\$2,000)
Issuance Costs	(\$150,000)	(\$150,000)	(\$150,000)
Transfer to Principal & Interest Sinking Fund	(\$858,105)	(\$3,432,421)	(\$3,432,421)
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>(\$1,022,815)</u>	<u>(\$3,597,455)</u>	<u>(\$3,597,788)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

In addition to amounts authorized prior to August 28, 2003, this proposal authorizes the Board of Fund Commissioners to issue bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution. The authorizations are for:

- (1) \$17.5 million of bonds for water pollution control, drinking water system improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g); and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h).

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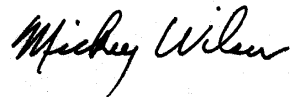
DESCRIPTION (continued)

The proposal contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration – Division of Accounting
Department of Natural Resources
Department of Economic Development – Public Service Commission



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